

DD / S R E G I S T R Y

FILE *Equip & Supplies*

26 November 1963

MEMORANDUM FOR: The Acting Comptroller

SUBJECT : Letter of Intent -- RCA 501

**REFERENCE : Memo to Acting Comptroller from C/ADPD
dated 22 November 1963**

1. The referenced memo requests that a letter of intent go forward to RCA prior to 27 November 1963 placing the Agency on record as being seriously interested in procuring a second-hand RCA 501 computer. The reason for acting hastily is to take advantage of a bargain price which may not be available later.

2. After reading the attached material I come to the conclusion that CIA has insufficient information on which to base a letter of intent to RCA for an additional 501.

3. Chief, Procurement Division, O/D, has advised me that the issuance of a letter of intent carries with it not a legal but a moral commitment on the part of the Government. The issuance of such a letter is usually prefaced by considerable staff activity which indicates strong certainty that positive action will be taken later.

4. While RCA may be offering us an attractive dollar bargain, I do not think we should be forced to react to this issue within the RCA-imposed short deadline for the following principal reasons:

a. The Agency's total computer resources are not being used to capacity. Viewing ADPD's request in an Agency context, it is unsound to recommend more hardware when we are not fully utilizing what we now have on hand.

b. The management "decisions to be made", referenced in para. 4 of the ADPD memo to the Acting Comptroller dated 22 November 1963, could result in a reduced or shifted workload for the present RCA 501, thereby obviating the entire question of additional RCA gear.

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c. Major systems design changes appear to be in the offing for ADPD's applications. The effect of these changes on required computer time is yet indeterminant.

d. The RCA 501 computer is no longer in production. Thus, neither 501 hardware nor software, so important to dynamic computing, is being developed or upgraded by RCA. Several users have now turned in their RCA 501 equipment. CIA should be very slow indeed to stock up on phase-out gear of this sort... even at give-away prices.

e. A letter of intent from CIA is morally binding on the Agency... yet no responsible decision to acquire another RCA 501 can be made within the time constraint of the RCA offer.

5. In light of the above I think the issuance of a letter of intent at this time would be premature. All concerned need more time to analyze the implications of bringing more hardware into the Agency before we signal our intent to do so.

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cc: DD/S&T
DD/S

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